

Bank Cler AG

Primary Credit Analyst:

Heiko Verhaag, CFA, FRM, Frankfurt + 49 693 399 9215; heiko.verhaag@spglobal.com

Secondary Contacts:

Harm Semder, Frankfurt + 49 693 399 9158; harm.semder@spglobal.com

Claudio Hantzsche, Frankfurt + 49 693 399 9188; claudio.hantzsche@spglobal.com

Table Of Contents

Major Rating Factors

Outlook

Key Metrics

Anchor:'a-' For A Retail Bank Only Operating In Switzerland

Business Position: Constrained By The Bank's Scale And Concentration On Mortgage Lending

Capital And Earnings: Extraordinarily Strong Capitalization In A Global Comparison

Risk Position: Sound Asset Quality Balances Concentration In Swiss Mortgages

Funding And Liquidity: Stable Deposit Franchise With Contingent Liquidity Support From BKB

Support: Parental Support Likely If Needed

Additional Rating Factors

Table Of Contents (cont.)

Environmental, Social, And Governance

Group Structure, Rated Subsidiaries, And Hybrids

Key Statistics

Related Criteria

Bank Cler AG

SACP	a-	+	Support	0	+	Additional Factors	0
Anchor	a-		ALAC Support	0		Issuer Credit Rating A-/Stable/--	
Business Position	Weak	-2	GRE Support	0			
Capital and Earnings	Strong	+2	Group Support	0			
Risk Position	Adequate	0	Sovereign Support	0			
Funding	Average	0					
Liquidity	Adequate						

Major Rating Factors

Overview	
Key strengths	Key risks
Very strong capitalization.	Small scale and concentration in competitive Swiss retail mortgages.
Credible digital banking profile helps to attract new customers.	Relatively weak profitability from the balancing of physical and digital growth.
Some potential for extraordinary support by parent Basler Kantonalbank (BKB) if needed.	

We expect efficiency to improve on the back of synergies with BKB. Bank Cler is a small universal bank operating across Switzerland through a slim branch network and strong digital footprint. After BKB (AA+/Stable/A-1+) assumed full ownership in 2019, Bank Cler has focused on residential mortgage lending products, digitalizing its business operations, and transforming its organizational setup as part of the wider BKB group. We expect synergies from the integration and ongoing IT investments to gradually improve the bank's efficiency.

Concentration risks remain from the bank's narrow business profile. While the bank's focus on Swiss residential mortgages has helped to generate very stable revenue in the past, this also weighs on its profitability and makes its revenue sources very concentrated.

Rating upside could come from BKB's stronger support capacity, while Bank Cler's very strong capitalization ensures an already relatively high standalone credit profile. While we see some potential for extraordinary group support from BKB, this does not currently lead to any rating uplift, considering our 'a-' stand-alone credit profile (SACP) assessment, one notch below our SACP assessment of BKB. We expect Bank Cler's main rating strength—its capitalization—to remain unchanged, supported by our risk-adjusted capital (RAC) ratio forecast, which remains above 21% over the next 24 months: a very strong level by global comparison.

Outlook: Stable

The stable outlook indicates that the Swiss economy in general and its residential housing market in particular will continue to weather the effects from the pandemic-induced recession. It also reflects our expectations that Bank Cler will be able to improve efficiency, while retaining its very strong capital buffer over the coming 12-24 months.

Downside scenario

We consider a negative rating action as remote, since we would likely offset weaker stand-alone creditworthiness with support from BKB, so long as BKB maintains its stand-alone strengths, and no doubts arise on the likelihood of support.

However, if we were to see materially rising credit losses in Bank Cler's mortgage book that would erode its profitability and indicate weaker asset quality than we currently assess, we could revise down the SACP. This could also be the case if operating efficiency does not improve while low interest rates or increasing competition continue to weigh on margins.

Upside scenario

We consider an upgrade as remote, particularly in the current environment. In the longer term, an upgrade could be spurred by successful execution of Bank Cler's digital banking strategy, along with stable growth of its branch-based business that would translate into material and sustainable improvements in operating efficiency and profitability.

We could also consider an upgrade if we revised our SACP on BKB upward, indicating stronger capacity to support Bank Cler if needed.

Key Metrics

Bank Cler AG--Key Ratios And Forecasts

	--Fiscal year ended Dec. 31--				
(%)	2019a	2020a	2021f	2022f	2023f
Growth in operating revenue	(2.3)	1.9	(1.5)-(1.8)	0.6-0.7	2.2-2.7
Growth in customer loans	3.4	1.0	1.8-2.2	1.8-2.2	2.7-3.3
Growth in total assets	5.1	5.8	1.5-1.8	1.5-1.8	2.2-2.7
Net interest income/average earning assets (NIM)	1.1	1.1	1.0-1.1	1.0-1.1	1.0-1.1
Cost to income ratio	76.2	71.4	70.0-72.0	68.0-70.0	65.5-67.5
Return on average common equity	3.2	3.2	3.0-3.3	3.1-3.4	2.8-3.1
Gross nonperforming assets/customer loans	0.3	0.3	0.3	0.3	0.3
Risk-adjusted capital ratio	N/A	23.9	23.1-24.3	23.0-24.2	22.9-24.0

N/A--Not applicable. a--Actual. f--Forecast. NIM--Net interest margin. All figures are S&P Global Ratings-adjusted.

Anchor:'a-' For A Retail Bank Only Operating In Switzerland

Our anchor for a bank operating mainly in Switzerland is 'a-'. We consider the trend for economic and industry risk in

Switzerland as stable.

We expect Switzerland's economy to have contracted materially in 2020 due to the spread of COVID-19, but to fully recover over the next two years. Under this base case, we think the Swiss banking sector will remain resilient, supported by very high household income levels and a proven stress-resilient corporate sector. We think Swiss authorities' material support measures should cushion the short-term effect on Swiss banks' loan books. Additionally, we view positively banks' prudent loan underwriting standards and high collateralization of the residential mortgage loans, which dominate most banks' customer portfolios. Considering these factors, we expect only a limited increase in credit losses, from historical low levels. We also expect price growth in the owner-occupied segment to remain muted in the wake of the pandemic. However, a particular risk remains for the investment property segment, where we already observed signs of a price correction before the pandemic.

Our view of industry risk in Switzerland encompasses the stability of the domestic banking sector and our expectation that damage from the COVID-19 pandemic will remain contained. We view positively the limited presence of foreign players, the banks' high capitalization levels in an international comparison, and their low reliance on capital markets for funding. In our view, the Swiss regulator remains ahead in terms of both regulatory oversight and innovations. We think FINMA's thorough investigations of past international large-scale money-laundering cases has improved market discipline. We particularly consider compliance with highest anti-money-laundering standards as crucial for the stability of the banking sector, reflecting the importance of the wealth management industry.

We anticipate that banks' interest margins will further decline gradually in a permanent low interest-rate environment. However, we expect that the repricing of lending products, additional fee income from investment advisory-related activities, and ongoing cost management can offset some of the pressure. We consider risk for Swiss banks from tech disruption as limited at present, given the small size of the market and its high barriers to entry, and the technologically well-equipped banks.

Business Position: Constrained By The Bank's Scale And Concentration On Mortgage Lending

Our view of Bank Cler's business strength is limited by its small size and market share, and its concentration on mortgage lending, which could make it less resilient in downturns than larger and better-diversified peers.

Bank Cler operates across Switzerland through a slim network of 28 branches and the banking app Zak, with more than 45,000 customers. Despite an increasing digital product range, including free accounts and cards as well as digital wealth management, this area will likely remain a customer acquisition tool for Bank Cler for some time, while it tries to cross-sell more complex and profitable mortgage and wealth-management products via its branch network. Given Swiss clients' conservative and loyal nature, we believe it could take a while to significantly increase client numbers and monetize digital investments.

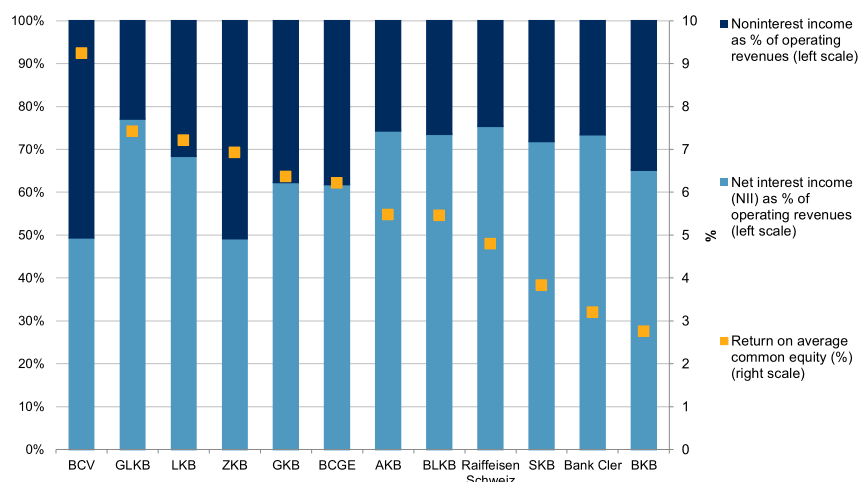
Bank Cler's strong retail focus generates stable interest and fee income from its residential mortgage lending and wealth-management activities. However, the bank's low market share in the retail business and comparatively high dependence on net interest income make it susceptible to continuing margin pressure from low interest rates and

strong competition in lending products. Therefore, we expect only gradual improvements in its below-peers profitability (see chart 1).

Chart 1

NII Heavy Banks Such As Bank Cler Struggle To Keep Up Profitability

Breakdown of operating revenues and return on average common equity of selected Swiss Banks



NII--Net interest income. BCV--Banque Cantonale Vaudoise; GLKB--Glarner Kantonalbank; LKB--Luzerner Kantonalbank; ZKB--Zürcher Kantonalbank; GKB--Graubündner Kantonalbank; BCGE--Banque Cantonale de Genève; AKB--Aargauer Kantonalbank; BLKB--Baselandschaftliche Kantonalbank; SKB--Schwyzer Kantonalbank; BKB--Basler Kantonalbank. Source: S&P Global Ratings. Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

Bank Cler continues to operate with below-average efficiency, partly spurred by IT investments to ramp up its digital banking app. The balancing of its physical and digital presence is reflected in a cost-to-income ratio of 71% in mid-2021. We believe this to improve gradually to below 67% by 2023, but we expect the bank will remain a negative outlier among peers for several years until its digitalization strategy plays out. This low efficiency is a rating weakness and limits our view of its relative business strength compared with peers.

Capital And Earnings: Extraordinarily Strong Capitalization In A Global Comparison

We consider Bank Cler's capitalization a key rating strength. This takes into account our RAC ratio of 23.9% as of year-end 2020, and our expectation that the bank will maintain its strong capital buffer in the foreseeable future.

In our forecast for the next two years, we assume moderate loan growth of 2%-3.0% annually, with profitability offset by further reduction in the net interest margin to about 103 basis points (bps) by 2023 from 109 bps in 2020. Our base

case includes our expectation that rising fee income and the gradual reduction in operating costs from synergies and automation should ensure gradual growth in operating income. This should allow Bank Cler to uphold its very strong capital base, while paying a constant dividend of Swiss franc (CHF) 30 million (about €28 million). In November 2020, the bank strengthened its capital base with the issuance of a CHF90 million regulatory additional tier 1 instrument that we consider as having intermediate equity content.

Risk Position: Sound Asset Quality Balances Concentration In Swiss Mortgages

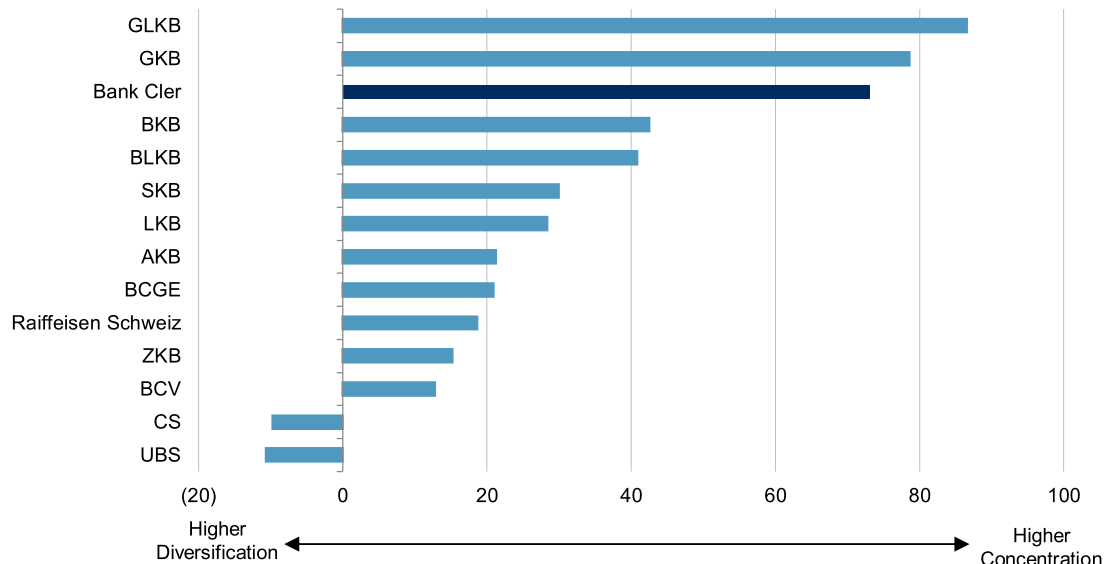
We see the bank's risk profile as largely in line with that of peers operating in Switzerland and other countries with similar economic risks. The assessment reflects our view on the robustness of the Swiss real estate sector and strong collateralization of the bank's lending, which mitigate our concerns over its high sensitivity to potential adverse scenarios.

The inherent concentration in Swiss residential mortgages makes Bank Cler susceptible to systemic shocks within that segment (see chart 2). We expect the risk from commercial real estate (CRE) exposures as relatively low as CRE exposure amounts to less than 10% of the total mortgage book. The predominance of fixed-rate mortgages makes Bank Cler prone to sudden interest rate increases, although overall sensitivity is in line with that of peers.

Chart 2

Bank Cler Has A Highly Concentrated Asset Portfolio

S&P Global Ratings' concentration charge as % of risk-weighted assets



Note: All data as per 2020 except Schwyzer Kantonalbank and Banque Cantonale de Geneve, which are shown as of 2019. BCV--Banque Cantonale Vaudoise; GLKB--Glarner Kantonalbank; LKB--Luzerner Kantonalbank; ZKB--Zuercher Kantonalbank; GKB--Graubundner Kantonalbank; BCGE--Banque Cantonale de Geneve; AKB--Aargauer Kantonalbank; BLKB--Basellandschaftliche Kantonalbank; SKB--Schwyzer Kantonalbank; BKB--Basler Kantonalbank. Source: S&P Global Ratings.

Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

We consider Bank Cler's asset quality to be in line with that of Swiss peers, given that 99% of its customer loans are conservatively collateralized by real estate. We are mindful of the inherent risk of house price decreases, a relatively larger share of buy-to-let mortgages, and comparatively high single-name concentrations in Bank Cler's loan book. We understand that Bank Cler's largest exposures are predominantly collateralized by real estate portfolios, not single objects, which somewhat mitigates these concentration risks.

Funding And Liquidity: Stable Deposit Franchise With Contingent Liquidity Support From BKB

We expect Bank Cler will retain a sound funding and liquidity profile, benefitting from a stable customer franchise and low dependence on wholesale funding. It is a largely deposit-funded bank, with a high share of short-term current account and saving deposits, complemented by long-term covered bonds and some minor senior unsecured bonds. With deposit rates effectively floored at zero, we expect an increasing share of covered and unsecured bond funding as well as bank deposits. Its customer-loans-to-customer-deposit ratio of 119% and stable funding ratio of 113% as of June 2021 are largely in line with that of peers.

Liquidity is largely held at the Swiss National Bank. While Bank Cler's net broad liquid assets (after deduction of wholesale maturities) to short-term customer deposits has increased significantly over the past year, this was in line with broader market developments, and continues to remain at a comparatively low 17% as of June 2021 (up from 9.5% as of June 2020). To manage liquidity risk, Bank Cler performs regular stress tests for an idiosyncratic, market-wide, and combined stress scenario. We believe that Bank Cler could rely on BKB as a contingent funding source in times of short-term liquidity pressure. We expect BKB will preserve its ability to support Bank Cler thanks to its strong liquidity, which we expect will weather times of stress, since BKB would likely benefit from its cantonal guarantee and flight to quality in a market-wide stress scenario.

Support: Parental Support Likely If Needed

BKB bought a majority share in Bank Cler in 2000 and became the 100% owner in 2019, after acquiring Swiss retailer group Coop's stake. Through its full control, BKB benefits from Bank Cler's digital know-how and investments, while at the same time diversifying its concentrated footprint with business growth outside of its restricted home canton. Reflecting the strategic importance of Bank Cler to BKB and partial integration in the parent group, we see Bank Cler as a strategically important subsidiary and would expect some extraordinary support if needed. However, given the relatively strong stand-alone assessment of Bank Cler, we currently see the need for support as unlikely and do not incorporate any uplift in our current rating. At the same time, this expected support could provide a buffer to our rating on Bank Cler in case of a deterioration of the currently strong SACP. We could reflect this potential extraordinary support in a rating uplift of up to three notches, capped at one notch below our SACP for BKB of 'a'. To estimate the extraordinary support potential, we look to our SACP on BKB and not the issuer credit rating, since we do not expect that cantonal support to BKB would extend to Bank Cler in case of need. Although BKB would have a strong interest in supporting its subsidiary, we are cautious about the political implications of support that would reduce BKB's stand-alone capitalization. Since Bank Cler does not fall under the cantonal guarantee that benefits BKB, we would

expect political discussions that could limit the extent and timeliness of such support.

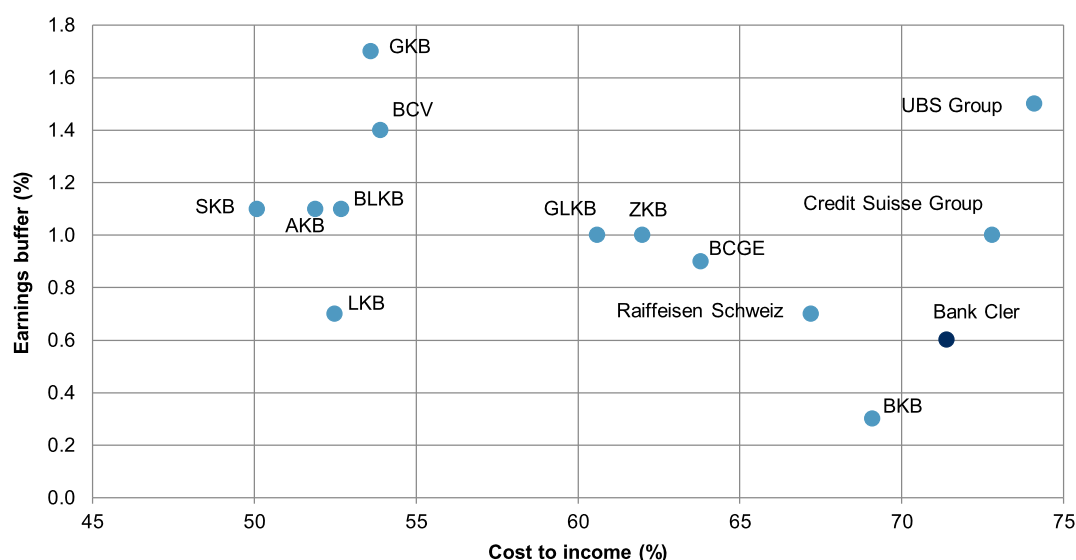
Additional Rating Factors

There are no other factors affecting our rating. However, Bank Cler's operating efficiency and risk-adjusted profitability is weak compared with peers. We expect Bank Cler's earnings buffer, indicating its potential to buffer normalized losses with preprovision operating income, will improve to about 70 bps, still a relatively weak level compared with that of similarly rated peers (see chart 3).

Chart 3

Bank Cler Exhibits Weak Efficiency And Risk-Adjusted Profitability

From which we expect moderate improvements over medium term



All data as per 2020 A; except Schweizer Kantonalbank and Banque Cantonale de Geneve, which is shown as of 2019 A. BCV--Banque Cantonale Vaudoise; GLKB--Glärner Kantonalbank; LKB--Luzerner Kantonalbank; ZKB--Zürcher Kantonalbank; GKB--Graubündner Kantonalbank; BCGE--Banque Cantonale de Geneve; AKB--Aargauer Kantonalbank; BLKB--Basellandschaftliche Kantonalbank; SKB--Schwyzer Kantonalbank; BKB--Basler Kantonalbank. Source: S&P Global Ratings.

Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

In our view, this relative weakness in operating efficiency is properly addressed in our assessment of a weak business position and the 'A-' issuer credit rating.

Environmental, Social, And Governance

Environmental, social, and governance (ESG) factors have a neutral impact on our assessment of Bank Cler's creditworthiness, and we see them as not materially different from those of domestic peers.

Bank Cler is a 100% subsidiary of government-owned BKB. While BKB benefits from a government guarantee prescribed in law, this does not apply to Bank Cler. Bank Cler's strategy is clearly determined by the parent and some functions are integrated, but operationally Bank Cler is an independent legal entity with its own banking license and governance framework. In our view, this complicates the governance of the consolidated group. At the same time, we expect the majority of independent supervisory board members to protect the interest of all relevant stakeholders beyond the ownership structure, and we expect Bank Cler's ESG profile to be broadly aligned with that of the parent.

Group Structure, Rated Subsidiaries, And Hybrids

Our 'BB+' ratings on Bank Cler's junior subordinated debt (additional Tier 1) reflect our analysis of the instruments and our assessment of Bank Cler's SACP at 'a-'. Although we consider parent BKB to be generally supportive to its strategically important subsidiary in most foreseeable circumstances, we believe that extraordinary support would not be extended to Bank Cler's hybrid capital instruments. We therefore deduct four notches from the SACP, which is currently at the same level as the issuer credit rating, to arrive at the issue rating.

Key Statistics

Table 1

Bank Cler AG--Key Figures					
	--Year-ended Dec. 31--				
(Mil. CHF)	2020	2019	2018	2017	2016
Adjusted assets	19,905.4	18,811.7	17,900.1	17,507.1	16,877.8
Customer loans (gross)	16,188.3	16,025.9	15,494.0	14,961.2	14,573.6
Adjusted common equity	1,237.0	1,209.1	1,199.7	1,179.7	1,166.2
Operating revenues	245.7	241.0	246.8	243.8	243.5
Noninterest expenses	175.3	183.6	186.4	208.2	167.5
Core earnings	55.7	43.8	48.5	39.4	60.5

CHF--Swiss franc.

Table 2

Bank Cler AG--Business Position					
	--Year-ended Dec. 31--				
(%)	2020	2019	2018	2017	2016
Loan market share in country of domicile	N/A	1.3	N/A	N/A	N/A
Deposit market share in country of domicile	N/A	1.0	N/A	N/A	N/A
Total revenues from business line (currency in mil.)	246.0	241.2	249.2	262.7	246.3
Commercial and retail banking/total revenues from business line	96.3	95.8	95.7	95.6	95.5
Trading and sales income/total revenues from business line	3.7	4.2	4.3	4.4	4.5
Investment banking/total revenues from business line	3.7	4.2	4.3	4.4	4.5
Return on average common equity	3.2	3.2	3.3	4.0	3.9

N/A--Not applicable.

Table 3

Bank Cler AG--Capital And Earnings					
	--Year-ended Dec. 31--				
(%)	2020	2019	2018	2017	2016
Tier 1 capital ratio	17.6	16.1	16.2	16.3	16.4
S&P Global Ratings' RAC ratio before diversification	23.9	N/A	N/A	N/A	N/A
S&P Global Ratings' RAC ratio after diversification	13.8	N/A	N/A	N/A	N/A
Adjusted common equity/total adjusted capital	93.2	100.0	100.0	100.0	100.0
Net interest income/operating revenues	73.4	71.6	71.3	71.4	70.6
Fee income/operating revenues	21.1	23.0	22.3	22.5	23.3
Market-sensitive income/operating revenues	3.7	4.2	4.3	4.7	4.6
Cost to income ratio	71.4	76.2	75.5	85.4	68.8
Preprovision operating income/average assets	0.4	0.3	0.3	0.2	0.5
Core earnings/average managed assets	0.3	0.2	0.3	0.2	0.4

N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Bank Cler AG--Risk-Adjusted Capital Framework Data					
(CHF 000s)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings' RWA	Average S&P Global Ratings' RW (%)
Credit risk					
Government & central banks	3,250,861	67,636	2	2,718	--
Of which regional governments and local authorities	74,748	67,636	90	2,690	4
Institutions and CCPs	357,632	26,553	7	23,969	7
Corporate	913,722	520,125	57	600,788	66
Retail	15,443,320	6,363,152	41	4,207,934	27
Of which mortgage	13,762,763	5,033,778	37	3,187,400	23
Securitization§	--	--	--	--	--
Other assets†	11,863	8,253	70	11,736	99
Total credit risk	19,977,399	6,985,719	35	4,847,145	24

Table 4

Bank Cler AG--Risk-Adjusted Capital Framework Data (cont.)					
Credit valuation adjustment					
Total credit valuation adjustment	--	4,248	--	--	--
Market risk					
Equity in the banking book	30,981	46,472	150	232,361	750
Trading book market risk	--	10,167	--	15,251	--
Total market risk	--	56,640	--	247,612	--
Operational risk					
Total operational risk	--	389,431	--	462,761	--
	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings' RWA	% of S&P Global Ratings' RWA
Diversification adjustments					
RWA before diversification	--	7,540,795	--	5,557,519	100
Total diversification/ concentration adjustments	--	--	--	4,061,409	73
RWA after diversification	--	7,540,795	--	9,618,927	173
	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings' RAC ratio (%)	
Capital ratio					
Capital ratio before adjustments		1,328,737	17.6	1,327,023	23.9
Capital ratio after adjustments‡		1,328,737	17.6	1,327,023	13.8

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions.

‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). CHF--Swiss franc.

RAC--Risk-adjusted capital. RW--Risk weight. RWA--Risk-weighted assets. Sources: Company data as of Dec. 31 2020, S&P Global Ratings.

Table 5

Bank Cler AG--Risk Position					
	--Year-ended Dec. 31--				
(%)	2020	2019	2018	2017	2016
Growth in customer loans	1.0	3.4	3.6	2.7	1.7
Total diversification adjustment/S&P Global Ratings' RWA before diversification	73.1	N/A	N/A	N/A	N/A
Total managed assets/adjusted common equity (x)	16.1	15.6	14.9	14.8	14.5
New loan loss provisions/average customer loans	--	--	--	(0.1)	--
Net charge-offs/average customer loans	N.M.	--	--	--	--
Gross nonperforming assets/customer loans + other real estate owned	0.3	0.3	--	0.3	0.3
Loan loss reserves/gross nonperforming assets	73.1	83.8	74.6	88.9	104.7

N/A--Not applicable. N.M.--Not meaningful. RWA--Risk-weighted assets.

Table 6

Bank Cler AG--Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	2020	2019	2018	2017	2016
Core deposits/funding base	71.0	71.1	73.0	73.9	76.4

Table 6

Bank Cler AG--Funding And Liquidity (cont.)					
	--Year-ended Dec. 31--				
(%)	2020	2019	2018	2017	2016
Customer loans (net)/customer deposits	123.5	128.7	127.8	124.7	122.2
Long-term funding ratio	92.9	93.7	95.1	95.1	95.7
Stable funding ratio	109.7	105.9	105.4	106.6	106.2
Short-term wholesale funding/funding base	7.6	6.8	5.3	5.2	4.7
Broad liquid assets/short-term wholesale funding (x)	2.3	1.9	2.1	2.4	2.5
Net broad liquid assets/short-term customer deposits	14.0	9.0	8.4	9.9	9.3
Short-term wholesale funding/total wholesale funding	25.8	23.5	19.5	20.2	19.7
Narrow liquid assets/3-month wholesale funding (x)	4.5	3.7	6.7	9.4	7.4

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of December 1, 2021)*

Bank Cler AG

Issuer Credit Rating

A-/Stable/--

Junior Subordinated

BB+

Issuer Credit Ratings History

19-Oct-2020

A-/Stable/--

Sovereign Rating

Switzerland

AAA/Stable/A-1+

Related Entities**Basel-City (Canton of)**

Issuer Credit Rating

AAA/Stable/A-1+

Senior Unsecured

AAA

Basler Kantonalbank

Issuer Credit Rating

AA+/Stable/A-1+

Junior Subordinated

BBB-

Senior Unsecured

AA+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.